



STRIKE OIL LIMITED
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Australian Stock Exchange Ltd
Via Electronic Lodgement

Quarterly Report, Period Ending December 2005

Please find attached Strike Oil Limited's Quarterly Report for the period ending December 2006.

Yours faithfully

SIMON ASHTON
Managing Director

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QUARTERLY REPORT

FOR THE PERIOD ENDING DECEMBER 2005

HIGHLIGHTS

- Gas discovery at the Shefcik 1 well in the Gulf Coast, Texas and the expansion of the Gulf Coast drilling program.
- Increased Interests in four previously producing oilfields in Colorado, USA.
- Seismic program completed in nine permits in the Carnarvon Basin.
- Native Title agreements advanced and farm-out of 2 permits in the Cooper Basin.
- Three shallow gas wells drilled in Texas with no commercial hydrocarbons penetrated.
- A capital raising by way of a Share Purchase Plan (SPP) was completed raising approximately \$2.2 million.

SIGNIFICANT PROJECT ACTIVITIES

AUSTRALIA

• CARNARVON BASIN

Reprocessing of pre-existing seismic in many permits has been initiated to improve the data quality and assist in the recognition of new prospects and leads.

Seismic acquisition was completed successfully in permits TP/6, EP 342, EP 325, EP 424, TP18, EP420, TP/19, EP 421 and WA-340-P.

This seismic acquisition coupled with the reprocessed data is expected to mature existing prospects and leads and to develop new prospects for drilling in the 2006 year and onwards. The current high graded prospects are listed below:

Prospect	Permit	Strike Oil Interest	Oil Potential (Millions bbls Recoverable)
Hestia	WA-261-P	16.2%	20
Baniyas	EP 424	40%	60
Whalebone	EP 325	44.5%	40
Sharp Peak	TP/19	90%	80
North Santo-Grond	TP/6	100%	3 to 100

Note: Strike Oil has high equities in all of these leads and prospects and will be considering taking partners in selected permits. Strike Oil is the Operator of all these permits with the exception of WA-261-P.

- **COOPER EROMANGA BASINS**

Strike Oil has entered into a Farmin Agreement with Advent Energy Limited ("Advent") whereby Advent will be earning an interest in both PELA 71 and PELA 96 operated by Strike Oil in the South Australian sector of the Cooper/Eromanga Basins

Advent will be responsible for funding a total \$2.2 million of exploration expenditure to earn a 25% working interest in each permit. These funds will be directed to exploration, seismic and drilling activities in the permits once the Native Title Agreements have been finalised. Strike Oil's interests in PELA 71 will reduce to 50% and in PELA 96 it will reduce to 41 2/3%.

Both permits contain numerous oil prospects and leads in the Eromanga Basin sequence. On finalisation of the Native Title Agreements seismic is planned in both permits followed soon after by prospect drilling.

Advent is an Australian public company proposing to list on the Australian Stock Exchange. The farmin is conditional on Advent becoming a public listed company by 1st April 2006.

Progress is being made with respect to Native Title agreements for PELA 71, PELA 96 and ATP 633-P. In ATP 633 P Native Title Agreement has now been signed and the permit grant is awaiting Queensland Government signature. Seismic is proposed for the second quarter 2006.

- **KINGSTON ENERGY PROJECT**

Strike Oil's wholly owned subsidiary Kingston Energy Pty Ltd continues to evaluate the potential of this significant energy resource associated with the Kingston coal deposit in South Australia. Extensive historical data sets are being located and compiled into useable form for further evaluation.

USA

- **GULF COAST, TEXAS PROJECTS**

Strike Oil continues to expand its involvement in the Gulf Coast, Texas program with Operator Cypress E&P Corporation with a commitment to drill a further four wells having drilled four wells this quarter.

The Shefcik No 1 well was drilled on the Mesquite B Prospect and reached its total depth of 12,000 feet (3,658 metres) in December 2005. Extensive gas shows were recorded from around 10,600 feet (3,231 metres) to 11,850 feet (3,612 metres).

Results from geophysical logging, mud logging gas shows and comparisons with nearby wells indicated that the well is likely to be commercial and the well was

completed for flow testing and production. Testing has commenced subsequent to the end of the quarter.

The prospect is estimated to contain 10-15 billion cubic feet of recoverable gas. Public data from adjacent wells indicate the order of 20 barrels of condensate per million cubic feet with production rates in the range from 5.4-16.9 million cubic feet per day from similar zones to Shefcik 1.

Prior to the end of the quarter the Webernick 1 well was spudded and had reached its total depth of 12,200feet (3,719 metres) at the time of this report. Gas shows have been recorded in the primary objective and these are being evaluated with petrophysical logs.

The Webernick 1 well, is being drilled on the Mesquite A Prospect. It lies 700 metres to the south of the Shefcik 1 well and is targeting a separate gas prospect on the same structure. This prospect has additional potential of 15 to 20 billion cubic feet of gas.

Strike Oil has a 26.25% interest in both the Shefcik and Webernick wells.

Three other wells were drilled during the quarter; the Sorrel 1, Lyman Gas Unit 1 and the Berndt 1 in which Strike Oil was earning a 10% interest in each. All three wells were shallow gas wells and none of the wells encountered commercial hydrocarbons.

• **ROCKY MOUNTAINS PROJECTS**

Strike Oil has increased its interest in the Tow Creek Oil Project in the Rocky Mountains from 25% to 37.5%. The project involves the evaluation of 35 square kilometres (8,700 acres) of leases over parts and around four historic oil fields which have produced oil from the Niobrara Formation on the Tow Creek anticline in Routt County, Colorado.

Comet Ridge Limited is the operator of this project and detailed geological, geophysical and reservoir engineering evaluation is being carried out prior to selection of drilling locations to be drilled in the second quarter 2006.

CASH FLOW ASSETS

Strike Oil continues its efforts to evaluate and secure early cash flow projects in Australia and overseas. This work will continue and will be focussed on production acquisitions, appraisal, and development opportunities.

CORPORATE

ANNUAL GENERAL MEETING

Strike Oil's Annual General Meeting (AGM) was held on the 30 November 2005.

On 9 December 2005, 1,000,000 unlisted incentive options with a 35 cents exercise price were issued to each of Messrs Ashton and Durrant, the Managing

Director and Executive Technical Director respectively following shareholder approval at the AGM. The options will expire on 31 December 2008 and will vest when Strike Oil's closing share price, as quoted on the ASX, is at or above 35 cents for a period of 20 consecutive trading days.

COMET RIDGE LIMITED

Comet Ridge Limited (10% owned by Strike Oil Limited) has continued to make progress in establishing itself as an active oil and gas explorer in Australia and the USA by setting up an office in Denver Colorado headed by the Managing Director, Andy Lydyard. Further information on Comet Ridge can be obtained from the web site www.cometridge.com.au.

CAPITAL RAISING

On 25 October 2005 the Company allotted 20,071,296 fully paid shares at a price of 11 cents each in respect of the Share Purchase Plan carried out in October 2005.

Subsequent to the end of the quarter the Company had received firm commitments for a total placement of 22,000,000 fully paid shares at an issue price of 18 cents each by way of a private placement pursuant to a Prospectus dated 11 January 2006.

RESIGNATION OF JOHN TRAICOS AS A DIRECTOR

John Traicos resigned as a Director of Strike Oil effective the 31 October 2005.

John made a significant contribution to the Company over the five years that he was a Director and the Board and management thank him for his contribution.

FINANCIAL

At the end of the quarter Strike Oil had \$3.6 million in cash reserves excluding the funds from the recent private placement carried out in early January 2006.

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